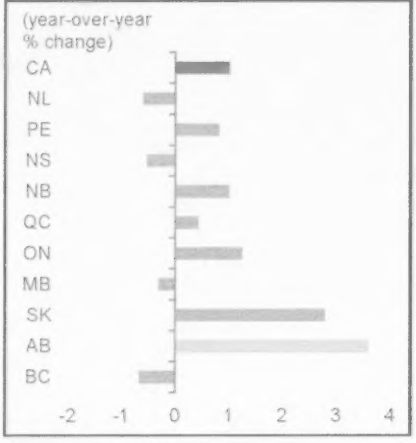
Labour Market NOTES ■ December 2013

Alberta resumes strong job growth

Alberta

- Unemployment rate rises. Alberta's unemployment rate increased by 0.3 percentage points to 4.7% in November over the previous month. The increase was due to strong growth in the labour force (+18,000).
- Employment jumps. Alberta posted a solid employment gain of 10,600 in November after two months of modest gains. All of the jobs created were full-time positions (30,100) while the number of part-time position declined by 19,400.
- Year-over-year job growth remains strong. Alberta has gained 78,100 jobs since November 2012, recording the highest growth rate among the provinces at 3.6%. Alberta has accounted for roughly 44% of all net new jobs in Canada so far this year.
- Service sector drives job growth. Service sector employment surged by 11,600 jobs, led by the professional, scientific and technical industry (+7,500). By contrast, the goods sector shed 900 jobs.
- Weekly earnings post modest increase. Average weekly earnings increased to $1,115 in September, which is 2.6% higher than the same month last year. This is the third consecutive month of earnings growth under 3% in Alberta.

Employment Growth by Province, Nov. 2013 vs. Nov. 2012



Source: Statistics Canada

Canada

- Canadian job growth remains weak. Employment increased 21,600 in November, led by the service sector, with accommodation and food services making the largest contribution nationally. Regionally, Ontario (+13,800), Alberta (+10,600) and Quebec (+8,600) posted the largest increases. Canada has gained 179,100 jobs (+1.2%) since September 2012.
- Unemployment rate unchanged. The Canadian unemployment rate held steady at 6.9% in November, maintaining the lowest rate since December 2008.
- Earnings inch up. Canadian average weekly earnings were $918 in September, a slight increase over August, and a modest 1.9% gain over the same month last year.

Alberta Labour Market Indicators

Indicator	October or Latest*
Employment	2,247,700
month-over-month change	10,600
year-over-year % change	3.6%
Alberta Unemployment Rate (UR)	4.7%
Edmonton UR**	5.1%
Calgary UR**	4.6%
Participation Rate	73.4%
Average Weekly Earnings (AWE)	$1,114.95
year-over-year % change	2.6%
Average Hourly Wage	$27.63
year-over-year % change	0.7%
Job Vacancy Rate**	2.7%

Source: Statistics Canada

* All data is from the Labour Force Survey for October except AWE, which is from the September Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate from August.

** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

For definitions of the data indicators discussed in this publication, please see the second page of August 2012's Labour Market Notes

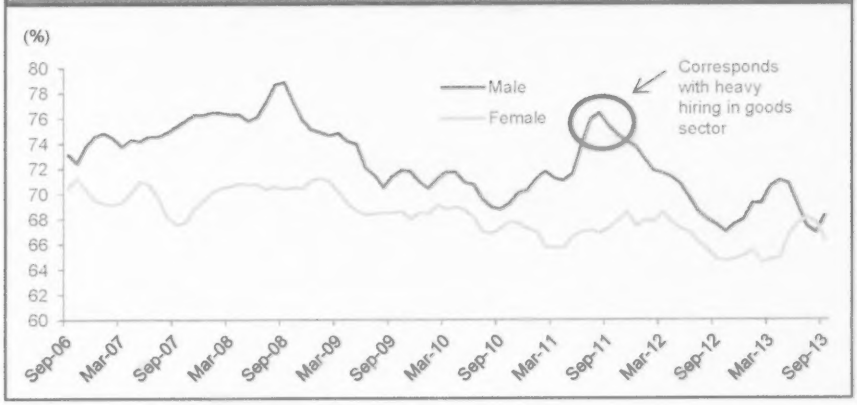
Alberta youth more attached to school

Youth participation rate dropping

Alberta's youth participation rate (aged 15-24) has trended lower over the last five years, with the exception of an uptick in 2011, when there was large amounts of hiring in the goods sector. It currently sits at 68.1%, about 7 percentage points below its cyclical peak in 2008. A similar trend has been observed at the national level, where the youth participation rate is 63.2%, 4.9 precentage points below its 2008 peak.

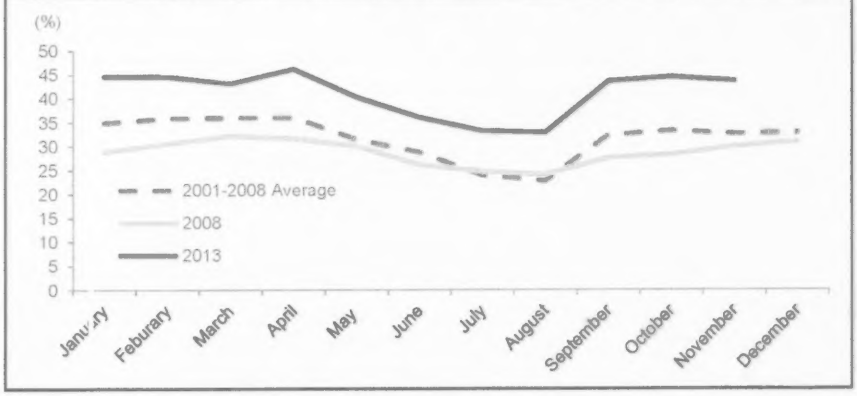
When examining the labour market participation rate (the share of working age individuals employed or actively looking for work), a distinction needs to be made between the general population and the youth segment in particular. Youth will have an incentive to leave the education system early and enter the market during good economic conditions, and conversely, delay their entry during a downturn. For more established workers there is considerably less variability, as the decision to leave leave the labour market carries significant costs.

Chart 1: Alberta youth participation rate, 3 month moving average



Source: Statistics Canada

Chart 2: Percentage of male youth in Alberta not in labour force due to school or have never entered the labour force



Source: Statistics Canada

Alberta's youth labour market displays large variability, especially among males. In the summer of 2008, nearly 80% of males between 15 and 24 were participating in the labour market, a number which has more recently dipped to just over 65%.

Education is an investment

Education is an investment and the size of the investment has increased from generation to generation, partly due to technological change and labour market demands. Rising education requirements help explain why youth labour force participation rates have been on a secular decline, as more youth are engaged in post secondary education as opposed to workforce activities. That said, the high male youth participation rates observed during the last boom, however, were likely indicative of many young males taking advantage of higher wage job opportunities.

Males investing more in education

The Labour Force Survey (LFS) provides evidence that the decision to pursue further studies has contributed to a lower male youth participation rate. If a respondent indicates they are not participating in the workforce, they are asked for the reason. An increasing number of young men are responding that they're out of the workforce either because they are in school or have never entered the labour force (chart 2).

Conclusion

Youth participation rates exhibit a high degree of volatility. As in the rest of Canada, Alberta youth participation rates have been trending downward since 2008, mainly due to declines among males. This might not be a bad thing, as in Alberta the lower rate is likely due to males investing more in education.

Contact:

William van't Veld *780.427.7543*